



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

For Immediate Release
Friday, March 21, 2003

Contacts: Laura Hayes, Lara Birkes
202-224-4515

Baucus Urges Support of the Armed Forces Tax Fairness Act of 2003

This is a solemn day for the nation. I rise today to add my voice to the chorus of support and prayers that are being sent from this chamber to our brave and heroic troops in the deserts of Iraq. The men and women who are serving the country on the front lines are sons and daughters, brothers and sisters, and mothers and fathers. Their heroic military service is assisting in bringing an end to a brutal regime and reducing terrorist threats by stopping those who provide assistance to terrorist operations. I know they will be successful in their mission.

While many differences of opinion were expressed about the way this war came to be, the time for debate has ended. Instead, we must now remain steadfast in support of our troops. And we must look to tomorrow and the massive rebuilding that will be needed following military actions. It is important that we continue to work with our allies to build a stronger coalition of support. We will need our friends in the coming days and weeks.

And we must also focus on providing our troops with all the assistance and resources they need. With that in mind, I would like to take a moment to urge for support of the "Armed Forces Tax Fairness Act of 2003." The House passed this important bill today. And it passed smoothly out of the Finance Committee weeks ago.

In this time of war, I can think of nothing more appropriate than passing a bill that is dedicated to providing assistance to those who serve in our armed forces. In addition, our bill encourages more women and men across the country to join our armed forces.

There are many, many brave men and women from my state of Montana who are playing a pivotal role in the situation with Iraq. Following the events of September 11, members of the 120th Fighter Wing of the Montana Air National Guard were called to secure the skies of the no-fly zone over Iraq. Their bravery will once again be seen in the current operation.

I want to help members of 120th Fighter Wing, and every other member of our armed forces. We can do this by passing the Armed Forces Tax Fairness Act. Let me describe some of the key provisions of the bill.

Under our current tax code, if a member of the armed forces dies while on active duty, the federal government pays the surviving spouse a small death benefit of \$6,000. The entire amount should be excluded from taxable income. However, because of a glitch in the law, only half is excluded. Our legislation corrects this by excluding the entire \$6,000 payment.

Just last week, one of our soldiers from Montana, Private First Class Stryder Stoutenburg, was tragically killed during a Blackhawk helicopter crash. A native of Missoula, Private First Class Stoutenburg was only 18. His mother will receive the death benefit payment, but will be taxed on half of it. She has already lost so much. It is unfair to also take away part of the small compensation she is receiving.

Another provision of this bill would ensure that military members who are frequently required to move from town to town and country to country, aren't punished with capital gains taxes when they sell their homes. Under current law, an individual must live in their house for two of five years in order to qualify for capital gains taxes exclusion. This isn't feasible for many in the armed forces and our bill would eliminate the two year requirement.

A third provision seeks to take a financial burden off of our men and women who serve in the National Guard and the Reserves. Many reservists must travel away from home for weekend drills and wind up spending a substantial amount of money for overnight travel and lodging.

In fact, for many of our younger, more junior reservists, the expenses exceed their take home pay for the weekend. Our bill would allow them to deduct these expenses from their taxes, even if the expenses do not exceed the two percent floor.

In addition to providing financial assistance, this bill won't add to the deficit since it's completely offset in two ways. First, we improve the collection of unpaid taxes from people who have renounced their American citizenship in order to avoid future U.S. taxes. Second, we extend certain IRS user fees. These are modest, sensible changes. In fact, in the case of expatriates, the offset seems especially fitting.

There is no better time than today to pass legislation that will allow our military personnel to fight for the country, not fight the tax code. I know that the thoughts of every single member of Congress go out to the troops who are risking their lives. We pray for their fast and safe return home. I'm hopeful for quick passage of this bill that will provide needed tax relief for our troops.

I would like to thank all of the members who contributed to the development of the bill: Senators Levin and Warner of the Armed Services Committee, Senator Landrieu, Senator Johnson, Senator Harkin, and I'd especially thank Chairman Grassley, who I've enjoyed working together with once again in the development of important bipartisan tax legislation.

